

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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| IN RE:<br><br>IOWA ALLIANCE FOR FAIR<br>COMPETITION | DOCKET NO. C-03-243 |
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**ORDER REQUIRING ADDITIONAL INFORMATION**

(Issued November 17, 2003)

On October 21, 2003, the Iowa Alliance for Fair Competition (Iowa Alliance) filed with the Utilities Board (Board) a written complaint relating to services performed by an affiliate of MidAmerican Energy Company (MidAmerican), MidAmerican Services. The complaint suggests that MidAmerican may not be complying with applicable law regarding cross-subsidization of affiliates by rate-regulated gas and electric utilities. MidAmerican Services, a MidAmerican affiliate, offers an extended service protection plan for major appliances.

The Iowa Alliance is a group of heating and air conditioning contractors and associates. The Iowa Alliance states that its members regularly provide the same type of service, such as inspection, repair, and maintenance of heating and cooling equipment, as provided by MidAmerican Services. The Iowa Alliance questions whether MidAmerican Services can perform the advertised services at the listed price unless it is using funds from sources other than revenue generated by the extended service protection plan. The Iowa Alliance asks that the Board order an

audit of the transactions between MidAmerican and its affiliates related to nonutility services. Iowa Code § 476.75 grants the Board the authority to periodically audit affiliate transactions.

The Board believes it is premature to rule on the audit request. The complaint does not indicate whether a copy was provided to MidAmerican for response. The Board's staff will provide MidAmerican with a copy in order that MidAmerican can respond to the complaint's allegations. Also, in determining whether an audit should be conducted at this time, the Board requires the response to several specific questions. In addition to whatever response MidAmerican wishes to make to the complaint, MidAmerican shall provide the following information within 15 days from the date of this order:

1. Identify any of the following that are utilized, directly or indirectly, by MidAmerican Energy to help MidAmerican Services provide Extended Service Protection (E.S.P.) program services such as installation, service, or repair of residential or commercial gas or electric heating, ventilating, or air conditioning systems.

- a. Vehicles.
- b. Service tools and instruments.
- c. Employees, including numbers of employees, job title, and area of company (customer service, marketing, etc.).

2. Identify any of the above program services that are provided using vehicles, service tools and instruments, and/or employees that are recoverable in regulated rates for electric or gas service.

3. Identify any computer equipment and/or software, including MidAmerican's customer information system, which is in any way utilized in providing the MidAmerican Services E.S.P. program. Specify ownership of the equipment and software.

4. Specifically identify, by cost center, the cost allocation of any such computer equipment and/or software to MidAmerican and its affiliates. Reconcile to amounts recorded in the company's books and records, using MidAmerican's cost allocation manual. Identify which cost centers belong to which company.

5. Identify the number of times in the last 12 months that MidAmerican has provided MidAmerican Services access to the envelopes MidAmerican uses for customer billing for use in sending E.S.P. billing stuffers to MidAmerican Energy customers. In addition:

a. Provide copies of each type of stuffer.

b. Identify the detailed per unit cost—by printing, inserting, postage, all other, and total—to MidAmerican of providing access to the envelopes MidAmerican uses for customer billing of each type of E.S.P. billing stuffer MidAmerican Services has provided to customers in the last 12 months. If costs varied by different mailings for a type of stuffer, provide

each different per unit cost. Reconcile to amounts recorded in the company's books and records, using MidAmerican's cost allocation manual.

6. Provide copies of any MidAmerican policy that grants availability of MidAmerican's customer lists, billing and collection system, and/or mailing system, to third parties that are not affiliated with MidAmerican. Identify the number of times in the last 12 months that MidAmerican has been asked to provide such availability and the number of times such availability was provided.

**IT IS THEREFORE ORDERED:**

MidAmerican Energy Company shall provide the information identified in this order along with its response to the complaint filed October 21, 2003, within 15 days of the date of this order.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 17<sup>th</sup> day of November, 2003.